

SENATE BILL 4233

By Finney L

AN ACT to authorize and empower the South Carroll County Special School District to issue and sell an installment school bond in the principal amount of not to exceed two million six hundred ninety-four thousand dollars (\$2,694,000) to the United States of America, acting through Rural Development; to provide the form and terms of said bond; to authorize the refinancing of said bond; to establish and provide for the payment of the bond; to provide for the issuance, sale and payment of said bond and the use and disposition of proceeds from the sale thereof; to provide for the pledge, levy and collection of taxes to pay principal and interest on said bond; and to authorize the issuance of notes in anticipation of the issuance and sale of said bond.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The South Carroll County Special School District, located in Carroll County, Tennessee (the "District"), created by Chapter 278 of the Private Acts of 1955 of the State of Tennessee, as amended, by Chapter 258 of the Private Acts of 1959, by Chapter 112 of the Private Acts of 1961, by Chapter 301 of the Private Acts of 1972, by Chapter 179 of the Private Acts of 1975, by Chapter 146 of the Private Acts of 1977, by Chapter 210 of the Private Acts of 1978, by Chapter 145 of the Private Acts of 1981, by Chapter 285 of the Private Acts of 1982, by Chapter 65 of the Private Acts of 1985, by Chapter 130 of the Private Acts of 1986, by Chapter 108 of the Private Acts of 1995 and by Chapter 2 of the Private Acts of 2001, and any other Acts amendatory thereto, (the "Act of Incorporation") is hereby authorized and empowered to issue and sell to the United States of America, acting through Rural Development, by resolution of the Board of Education of the District, an installment bond in the principal amount of not to exceed two million six hundred ninety-four thousand dollars (\$2,694,000) for the purpose of providing funds for the (i) construction, improvement, renovation, expansion, furnishing, fixturing and equipping of a gymnasium, in and for the District, including the purchase of all property, real

and personal, or interests therein, necessary in connection with said work, (ii) funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bond as the Board of Education of the District shall determine, (iii) payment of capitalized interest during the period of construction, and (iv) payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of the bond.

SECTION 2. The bond shall be sold to the United States of America, acting through Rural Development, as a fully registered installment bond, without coupons, at a rate not to exceed four and one-eighth percent (4.125%) per annum and payable in four hundred fifty-six (456) consecutive monthly installments of principal and interest.

SECTION 3. The bond shall be issued in fully registered form and shall be signed and sealed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the District's Board of Education authorizing the bond.

SECTION 4. For the purpose of paying principal of and interest on the bond herein authorized and any other indebtedness of the District, there is hereby levied, in addition to any tax currently being levied within the boundaries of the District for the benefit of the District, a property tax of thirty-one cents (\$0.31) on every one hundred dollars (\$100) of real and personal property located within the District, such tax to be effective for the 2008 tax year and each tax year thereafter that the bond remains outstanding. Said rate is established to provide tax revenues sufficient to pay principal of and interest on the bonds as they come due. If at the time of issuance, the annual debt service requirements on the bonds should be less than anticipated by the establishment of the tax rate herein, the tax rate levied by this Section 3 shall be reduced to a rate which will produce tax revenues in an amount sufficient to pay debt service on the bonds. The rate hereinabove established may be adjusted from time to time in accordance with the procedure set forth in Tennessee Code Annotated, Section 67-5-1704, relating to county-wide reappraisal. In addition, in the event the total assessed value of all property subject to the tax hereinabove described declines by more than ten percent (10%) from January 1 of any year to January 1 of the next succeeding year or declines by more than fifteen percent (15%) from January 1 of any year to January 1 of the second succeeding year thereafter, at the request of

the Board of Education, the county assessor of property shall certify to the county trustee and the Board of Education the total assessed value of taxable property within the District and furnish the county trustee and the Board of Education an estimate of the total assessed value of all new construction and improvements not included on the assessment roll of the base year and all deletions from the assessment roll of the base year. Upon receipt of said information and certifications, the county trustee shall adjust the tax rate established herein to an adjusted rate which is estimated to provide to the District the same tax revenue as was provided by said tax in the base year, exclusive of such new construction. improvements and deletions, in accordance with policies established by the state board of equalization pursuant to Tennessee Code Annotated, Section 67-5-1701(b), or any successor thereto. Said taxes shall be used exclusively to pay principal and interest on the bonds authorized herein and any other indebtedness of the District as they become due and to maintain debt service fund balances. The Board of Education is hereby authorized to pledge such tax to pay the principal of and interest on the bonds and any other indebtedness of the District. The taxes shall be annually extended and collected by the county trustee of Carroll County in the manner provided by general law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with the like force and effect as do county taxes. In the event the property taxes and such other funds as shall be pledged to the payment of the indebtedness of the District are not sufficient to pay principal thereof and interest thereon when due, the District shall apply funds from operations or other available funds of the District to the payment thereof. Any surplus arising from the tax hereinabove described and not required for the payment of debt service on outstanding obligations of the District shall first be used to fund any debt service reserve fund established by the Board of Education, and may thereafter be used, at the discretion of the Board of Education of the District, for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school building and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with said work, and the purchase of school buses and school transportation equipment, and all other operations and maintenance of schools in the District.

SECTION 5. The Board of Education is authorized to pledge to the payment of the bond all or a portion of (i) any funds received by the District under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Tennessee Code Annotated, Section 49-3-351, et seq., and related sections, (ii) its share of the local option sales and use tax now or hereafter levied and collected in Carroll County, Tennessee, pursuant to Tennessee Code Annotated, Section 67-6-712, and (iii) any other funds received from the State of Tennessee, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

SECTION 6. The bond, and all income therefrom, shall be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except as otherwise provided by applicable law.

SECTION 7. The District is further authorized, by resolution of the Board of Education, to borrow money and issue its bond or bonds for the purpose of refunding the bond authorized herein, at or prior to maturity, in whole or in part, at any time, in accordance with the terms hereof.

SECTION 8. The District is further authorized, by resolution of the Board of Education, to issue and sell notes of the District in anticipation of the issuance of the bond authorized herein. The notes may bear such date or dates, shall mature at such time or times, not exceeding three (3) years from their respective dated dates, may bear interest at such rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium, and may provide for the replacement of mutilated, destroyed or lost notes, all as may be provided by resolution of the Board of Education. The notes shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the Board of Education. The Board of Education of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the notes and delegate the power to

consummate all such acts and execute and implement all such agreements on its behalf as the Board of Education shall deem necessary or desirable.

SECTION 9. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 10. This act shall take effect upon becoming a law, the public welfare requiring it.